

APPENDIX 3

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2016 through December 31, 2016

The December 31, 2016 financial statements of the California Prison Health Care Receivership Corp (CPR) are presented in compliance with the measurement focus, basis of accounting and financial presentation set forth by the Government Accounting Standards Board (GASB), and include a Statement of Net Assets and General Fund Balance (Balance Sheet) and a Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance (Revenues and Expenses). In lieu of comparing net asset and operating activities to prior period amounts, operating activities are compared to budget.

A review of expenses included on the unaudited statement of activities compared to what was budgeted for the six months ended December 31, 2016 shows a total difference of \$ 214,805 or 25.3% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$211,434 or 44.5% under budget. The Legal costs anticipated in the budget have been much less to date than originally considered.

No Capital assets have been purchased during the first six months of the Fiscal year.

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the six months ended
December 31, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$192,959	\$ -	\$ 192,959
Prepaid items	8,239	-	8,239
	<u>201,198</u>	<u>-</u>	<u>201,198</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 201,198</u>	<u>-</u>	<u>\$ 201,198</u>
Liabilities			
Liabilities:			
Accounts payable	66,990	-	66,990
Accrued salaries and benefits	25,458	-	25,458
Other accrued expenses	17,880		17,880
Compensated absences	0	\$49,291	49,291
	<u>0</u>	<u>\$49,291</u>	<u>49,291</u>
Total liabilities	<u>\$ 110,328</u>	<u>\$ 49,291</u>	<u>\$ 159,619</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	8,239	(8,239)	-
Unreserved, undesignated	82,631	(82,631)	-
	<u>90,870</u>	<u>(90,870)</u>	<u>-</u>
Total fund balance	<u>90,870</u>	<u>(90,870)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 201,198</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		41,577	41,577
		<u>41,577</u>	<u>41,577</u>
Total net assets		<u>\$ 41,577</u>	<u>\$ 41,577</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the six months ended
December 31, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 625,000	-	\$ 625,000
General revenues:			
Investment earnings	6	-	6
Miscellaneous Income	0	-	-
Total revenues	625,006	-	625,006
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	356,080	-	356,080
Legal and professional services	263,766	-	263,766
Travel	890	-	890
Insurance	8,547	-	8,547
Other	4,655	-	4,655
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	633,937	-	633,937
Change in fund balance	(8,931)	-	(8,931)
Change in net assets	-	-	-
Fund balance/net position - July 1, 2016	99,799	(49,291)	50,508
Fund balance/net position - December 31, 2016	\$ 90,868	\$ (49,291)	\$ 41,577

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the six months ended
December 31, 2016

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$848,742	\$625,000	\$ (223,742)
Investment earnings	\$0	\$6	6
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$848,742</u>	<u>\$625,006</u>	<u>(223,736)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	338,592	356,080	(17,488)
Legal and professional services	475,200	263,766	211,434
Travel	3,000	890	2,110
Office expenses	2,700	979	1,721
Telephone and network	-	-	-
Insurance	8,400	8,547	(147)
Other	20,850	\$3,677	17,173
Capital outlay	-	-	-
Total expenditures	<u>848,742</u>	<u>633,937</u>	<u>214,805</u>
Change in fund balance	<u>\$ -</u>	<u>(8,931)</u>	<u>\$ (8,931)</u>
GAAP basis difference - compensated absences	\$0		
Fund balance/net position - July 1, 2016		<u>99,799</u>	
Fund balance/net position - December 31, 2016		<u>\$ 90,868</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the five months ended
November 30, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$124,062	\$ -	\$ 124,062
Prepaid items	\$10,351	-	10,351
	<u>134,413</u>	<u>-</u>	<u>134,413</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 134,413</u>	<u>-</u>	<u>\$ 134,413</u>
Liabilities			
Liabilities:			
Accounts payable	48,042	-	48,042
Accrued salaries and benefits	25,458	-	25,458
Other accrued expenses	9,117	-	9,117
Compensated absences	0	\$49,291	49,291
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 82,617</u>	<u>\$ 49,291</u>	<u>\$ 131,908</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	10,351	(10,351)	-
Unreserved, undesignated	41,445	(41,445)	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>51,796</u>	<u>(51,796)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 134,413</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		5,533	5,533
		<u>-</u>	<u>-</u>
Total net assets		<u>\$ 5,533</u>	<u>\$ 5,533</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the five months ended
 November 30, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 475,000	-	\$ 475,000
General revenues:			
Investment earnings	10	-	10
Miscellaneous Income	0	-	-
Total revenues	<u>475,010</u>	<u>-</u>	<u>475,010</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	293,863	-	293,863
Legal and professional services	213,960	-	213,960
Travel	1,129	-	1,129
Insurance	6,847	-	6,847
Other	4,187	-	4,187
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>519,986</u>	<u>-</u>	<u>519,986</u>
Change in fund balance	<u>(44,975)</u>	<u>-</u>	<u>(44,975)</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance/net position - July 1, 2016	<u>99,799</u>	<u>(49,291)</u>	<u>50,508</u>
Fund balance/net position - November 30, 2016	<u>\$ 54,824</u>	<u>\$ (49,291)</u>	<u>\$ 5,533</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the five months ended
November 30, 2016

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$707,285	\$475,000	\$ (232,285)
Investment earnings	\$0	\$10	10
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$707,285</u>	<u>\$475,010</u>	<u>(232,275)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	282,160	293,863	(11,703)
Legal and professional services	396,000	213,960	182,040
Travel	2,500	1,129	1,371
Office expenses	2,250	809	1,441
Telephone and network	-	-	-
Insurance	7,000	6,847	153
Other	17,375	\$3,378	13,997
Capital outlay	-	-	-
Total expenditures	<u>707,285</u>	<u>519,986</u>	<u>187,299</u>
Change in fund balance	<u>\$ -</u>	<u>(44,975)</u>	<u>\$ (44,975)</u>
GAAP basis difference - compensated absences	\$0		
Fund balance/net position - July 1, 2016		<u>99,799</u>	
Fund balance/net position - November 30, 2016		<u>\$ 54,824</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the four months ended
October 31, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$225,328	\$ -	\$ 225,328
Prepaid items	12,460	-	12,460
	<u>237,788</u>	<u>-</u>	<u>237,788</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 237,788</u>	<u>-</u>	<u>\$ 237,788</u>
Liabilities			
Liabilities:			
Accounts payable	40,533	-	40,533
Accrued salaries and benefits	25,458	-	25,458
Other accrued expenses	10,371	-	10,371
Compensated absences	0	\$49,291	49,291
	<u>0</u>	<u>\$49,291</u>	<u>49,291</u>
Total liabilities	<u>\$ 76,362</u>	<u>\$ 49,291</u>	<u>\$ 125,653</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	12,460	(12,460)	-
Unreserved, undesignated	148,966	(148,966)	-
	<u>161,426</u>	<u>(161,426)</u>	<u>-</u>
Total fund balance	<u>161,426</u>	<u>(161,426)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 237,788</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		115,164	115,164
		<u>115,164</u>	<u>115,164</u>
Total net assets		<u>\$ 115,164</u>	<u>\$ 115,164</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the four months ended
October 31, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 475,000	-	\$ 475,000
General revenues:			
Investment earnings	9	-	9
Miscellaneous Income	0	-	-
Total revenues	475,009	-	475,009
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	234,062	-	234,062
Legal and professional services	165,943	-	165,943
Travel	1,129	-	1,129
Insurance	5,366	-	5,366
Other	3,853	-	3,853
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	410,353	-	410,353
Change in fund balance	64,656	-	64,656
Change in net assets	-	-	-
Fund balance/net position - July 1, 2016	99,799	(49,291)	50,508
Fund balance/net position - October 31, 2016	\$ 164,455	\$ (49,291)	\$ 115,164

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the four months ended
October 31, 2016

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$565,828	\$475,000	\$ (90,828)
Investment earnings	\$0	\$9	9
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$565,828</u>	<u>\$475,009</u>	<u>(90,819)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	225,728	234,062	(8,334)
Legal and professional services	316,800	165,943	150,857
Travel	2,000	1,129	871
Office expenses	1,800	705	1,095
Telephone and network	-	-	-
Insurance	5,600	5,366	234
Other	13,900	\$3,148	10,752
Capital outlay	-	-	-
Total expenditures	<u>565,828</u>	<u>410,353</u>	<u>155,475</u>
Change in fund balance	<u>\$ -</u>	64,656	\$ 64,656
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2016		<u>99,799</u>	
Fund balance/net position - October 31, 2016		<u>\$ 164,455</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the three months ended
September 30, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$390,840	\$ -	\$ 390,840
Prepaid items	\$14,527	-	14,527
	<u>405,367</u>	<u>-</u>	<u>405,367</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 405,367</u>	<u>-</u>	<u>\$ 405,367</u>
Liabilities			
Liabilities:			
Accounts payable	101,762	-	101,762
Accrued salaries and benefits	25,458	-	25,458
Other accrued expenses	6,654	-	6,654
Compensated absences	0	\$49,291	49,291
	<u>0</u>	<u>\$49,291</u>	<u>49,291</u>
Total liabilities	<u>\$ 133,874</u>	<u>\$ 49,291</u>	<u>\$ 183,165</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	14,527	(14,527)	-
Unreserved, undesignated	256,966	(256,966)	-
	<u>271,493</u>	<u>(271,493)</u>	<u>-</u>
Total fund balance	<u>271,493</u>	<u>(271,493)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 405,367</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		225,231	225,231
		<u>225,231</u>	<u>225,231</u>
Total net assets		<u>\$ 225,231</u>	<u>\$ 225,231</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the three months ended
 September 30, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 475,000	-	\$ 475,000
General revenues:			
Investment earnings	8	-	8
Miscellaneous Income	0	-	-
Total revenues	475,008	-	475,008
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	173,205	-	173,205
Legal and professional services	120,925	-	120,925
Travel	239	-	239
Insurance	3,885	-	3,885
Other	2,032	-	2,032
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	300,286	-	300,286
Change in fund balance	174,723		174,723
Change in net assets			
Fund balance/net position - July 1, 2016	99,799	(49,291)	50,508
Fund balance/net position - September 30, 2016	\$ 274,522	\$ (49,291)	\$ 225,231

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the three months ended
September 30, 2016

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$424,371	\$475,000	\$ 50,629
Investment earnings	\$0	\$8	8
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$424,371</u>	<u>\$475,008</u>	<u>50,637</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	169,296	173,205	(3,909)
Legal and professional services	237,600	120,925	116,675
Travel	1,500	239	1,261
Office expenses	1,350	484	866
Telephone and network	-	-	-
Insurance	4,200	3,885	315
Other	10,425	\$1,548	8,877
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>424,371</u>	<u>300,286</u>	<u>124,085</u>
Change in fund balance	<u>\$ -</u>	174,723	\$ 174,723
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2016		<u>99,799</u>	
Fund balance/net position - September 30, 2016		<u>\$ 274,522</u>	